CITY OF SAN ANTONIO

City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of the Office of Emergency Management's (OEM)
Homeland Security (HS) Grant Fund Expenditures and Controls

City Management and OEM have reviewed the audit report for OEM's HS Grant Fund Expenditures and Controls and herein is a Corrective Action Plan for the recommendations. As you are aware, OEM's HS grant process has recently been reviewed by the Texas State Auditor's Office (SAO), the City of San Antonio's Contract Services Department (CSD), and the Texas State Governor's Division of Emergency Management (GDEM). Although these reviews included some of the same HS grants examined by Internal Audit, the scopes, objectives, outcomes, and standards followed by each organization varied. In fact, some of the results may not be comparable, and it should be noted that these agencies did not coordinate their efforts. However, having these objective reviews of OEM's grant management process has resulted in better information for Management to develop operating strategies for the future that will improve the overall management of HS grants for the City.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
Detailed Report					
1	**Noncompliance with Grant Standards**				
	Designate someone responsible for implementing guidelines, training, and enforcement to ensure that all Departments utilizing grant funds become familiar, and comply with, all appropriate Federal and State grant standards, including OMB Circular A-133	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM Manager is responsible for grant guidelines and implementation. In accordance with City Council uniformed employee redirection, two uniformed members of the OEM will be reassigned to Fire Suppression duties. This personnel change will allow the OEM to recruit and select a qualified staff member to maintain grant requirements and guidelines in accordance with all applicable local, State and Federal criteria.				
1.1	**Decentralized Grant Management Process**				
	• Develop a completely centralized process for managing the HS grant process	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM will work with other City departments to ensure complete utilization of HS grant funds.				

			Recommendation		
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
1.2	**Inadequate System for Safeguarding HS Grant Equipment**				
	• Periodically survey the availability of HS grant purchased items	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: With the implementation of the Asset TRAX software system, the OEM will work with all departments and agencies that have received equipment under the HS grant program. Annual inspections will be performed to ensure compliance with federal grant rules.				
1.3	**Inadequate System for Recording Grant Expenditures**				
	• Develop a process that ensures Prime Vendor expenditures are recorded in the City's ERM/SAP System	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	• Develop a central recording, tracking, and reporting system	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: All Prime Vendor procured items that meet the City's requirements for recording have been captured in ERM/SAP. No future purchases will be made through the Prime Vendor Program. Asset TRAX will be used as the central recording, tracking and reporting system.				
1.4	**Improper Analyses for HS Purchases**				
	• Ensure adequate cost analyses are conducted and reported for purchasing decisions	8	Partially Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	• Ensure analyses are properly documented and maintained	8	Partially Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM maintains a centralized process for managing the HS grant process. Items are recorded, tracked and reported to the appropriate entity. Early shortfalls of ERM/SAP prohibited the introduction of prime vendor provided HS grant funded equipment into the system. Consequently, as the ERM/SAP system has been refined and enhanced, all grant-funded equipment that met the definition of capital expenditures has been captured and reported. Cost analysis for consumable and disposable materials will not be conducted due to the transient nature of the items. Maintenance and operational cost associated with Capital items are considered by the Director of each receiving department and carried forward through the annual budget process. Periodic surveys of HS grant purchased items are being conducted under the direction of the individual department directors. OEM will continue to refine and improve the grant process. The recommended positions in the FY 2007 Proposed Budget will work closely with the Emergency Management Coordinator and the Fire Department's Fiscal Division to refine and improve the grant processes, procedures and availability.				
2	**Management Issues**				
2.1	**Lack of Formal Procedures for Managing Grants**				

			Recommendation		
#	**Description**	**Audit Report Page**	**Accept, Partially Accept, Decline**	**Responsible Person's Name/Title**	**Completion Date**
	Ensure that OEM develops and implements formal procedures to guide its grant management activities	9	Accept	Emergency Management Coordinator & Fire Chief	Spring 2006
	Action plan: The OEM Manager already ensures formal grant guidelines and procedures are followed.				
2.2	Inadequate Performance Measures				
	Ensure that OEM and all City Departments using HS grant funds develop, document, monitor, track, and report on performance goals and objectives for program activities	9	Accept	City Manager's Office, OMB & Emergency Management Coordinator	Summer 2007
	Action plan: OEM will develop additional performance measures. The City Manager's Office, OMB and OEM will work with other grant recipient departments to develop additional measures.				
2.3	**Inadequate Needs Assessment**				
	Require a Citywide threat and needs assessment, or gap analysis, that extends beyond departments that are authorized in HS grant applications	10	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM has procured Catastrophic Assessment software to analyze threats to COSA. Training of 20 COSA employees from various departments has been completed and threat models will be analyzed within the next 90-180 days. Results of the analysis will be used to calculate future priorities for HS grant funding.				
2.4	**Not Ensuring all Costs are Factored in Cost Analyses**				
	Ensure that a process is developed to require all Departments to factor in and report all current and future grant purchase costs, especially those not supported by grant funding	10	Partially Accept	Emergency Management Coordinator & Office of Budget & Management	Fall 2006
	Action plan: Purchase and acquisition procedures for grant funded equipment fall under the same protocol as Operating and Capitol Budget policies. When given the option of utilizing the proficiency of the City's Purchasing and General Services Department or another cooperative purchasing agreements authorized by the City and DHS/ODP/OGT, each authorized Department conducted its own basic cost benefit analysis. Post purchase review of equipment procured through the DHS Prime Vendor or cooperative purchasing agreements validates the choices made by each department were in the best interest of strong fiscal management and responsibility. However, OEM and the Office of Budget & Management will work with grant recipient departments to ensure all costs are considered.				
3	**Organizational Issues**				
3.1	**Effectiveness of the Current Reporting Structure**				

		Recommendation			
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	Implement a clear line of authority, responsibility, and accountability for the Citywide Departmental management of HS grants	11	Decline	City Manager's Office	

Action plan:
While it is evident the OEM has a different line of authority than any other department or division of the City, the current arrangement allows the most flexibility and organizational structure to quickly adapt to various situations.

3.2	**Management Proficiency Issues**				
	Ensure that the current OEM Manager and supervisory Staff receive adequate training in grants management. Alternatively, consider assigning OEM's non-emergency task of grant management to civilian personnel with adequate skills and experience.	12	Accept	City Manager's Office	Fall 2006

Action plan:
The Proposed FY 2007 Budget includes a recommendation to redirect the Captain and Lieutenant, both currently assigned to OEM to the San Antonio Fire Academy. This recommendation also includes replacing these positions with civilian positions in order to recruit individuals with direct experience in emergency management, planning, training, and grant management.

City Management and OEM appreciate the City Auditor's comments on the HS Grant Management Audit. We are committed to addressing the recommendations in the audit report and the plan of action presented.

Sincerely,

Erik Walsh
Assistant City Manager

Robert Ojeda
Fire Chief

Nim Kidd
Emergency Management Coordinator